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Bipartisan bill encourages states to increase the use of cost-saving generic prescription drugs

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WASHINGTON – Congressman Charles F. Bass (NH-02) introduced bipartisan legislation in the House of Representatives today that will encourage and incentivize states to use cost-saving generic prescription drugs in the Medicaid program, saving the program millions of dollars every year.

Reps. Jo Ann Emerson (MO-08) and Peter Welch (VT-AL) are original cosponsors of Bass' bill, the Affordable Medicines Utilization Act of 2011 (H.R. 3342). Bass' legislation is a companion bill to one that Senator Scott Brown (R-MA) introduced this summer.

Bass said:

"At a time when we must rein in federal spending, Congress should be seeking innovative ways to save taxpayer money, especially in programs like Medicaid. The state of New Hampshire has a strong track record of saving taxpayer money in the Medicaid program through a state law that requires the state to purchase the least expensive drug available. By giving states incentives to increase their generic drug utilization and keeping some of the savings, we can encourage other states to follow New Hampshire's lead.

"What's more, this legislation does not cost any money to implement. It's a simple, common-sense idea that deserves swift consideration in Congress."

Specifically, Bass' legislation will allow states to keep 50 percent of the Federal Medical Assistance Percentage (FMAP) savings directly associated with an increase in generic drug substitution. This will encourage states to actively increase the use of generic drugs and help keep costs down for patients and taxpayers. In addition, the bill creates a grant program for states, such as New Hampshire, with a generic substitution rate of 92 percent or higher to implement innovative ways to achieve further savings in Medicaid. This program is funded by taking a portion of the savings that are being directed back to the federal government.

According to the Generic Pharmaceutical Association, the Centers for Medicare and Medicaid Services has estimated that even a two percent increase in generic drug utilization by Medicaid would save the program more than \$1.3 billion annually.

So far, Bass' legislation is supported by the AARP, the Generic Pharmaceutical Association, and the National Association of Chain Drug Stores.

"This legislation is exactly the kind of common-sense solution those in Washington should look to when searching for ways to rein in our country's health care spending," **Ralph G. Neas, President and CEO of the Generic Pharmaceutical Association (GPhA)**

, said. "Time and again, the greater use of generic medications has been proven to be a safe and effective way to reduce costs while providing patients with the same quality care they have come to rely on."

"Fostering generic utilization is a vital strategy for helping patients maintain their health while reducing healthcare costs, and this is one of the many strategies through which community pharmacy delivers tremendous value, along with medication counseling, vaccinations, screenings and health education," said **Steven C. Anderson, IOM, CAE, President and CEO of the National Association of Chain Drug Stores (NACDS)**

. "This legislation would create new opportunities for improving the health of patients and budgets alike."

"Switching to safe, effective and less-costly generic medications can result in important savings for state Medicaid programs," said **AARP Senior Vice President Joyce Rogers**. "We applaud Rep. Bass and his colleagues for introducing this important legislation and are pleased to endorse it."

Bass' legislation has been referred to the House Energy and Commerce Committee.

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